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No. 82-775

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

GREEN BAY PACKAGING INC., ST. VINCENT HOSPITAL, and LEO N. CROWLEY,
Petitioners,

v.

TECHNICON MEDICAL INFORMATION SYSTEMS CORP.,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Of Counsel:

ANTHONY B. DIEPENBROCK
JOHN L. MCGANNON
TOWNSEND AND TOWNSEND
One Market Plaza
Steuart Street Tower
20th Floor
San Francisco,
California 94105

HENRY C. BUNSOW
TOWNSEND AND TOWNSEND
One Market Plaza
Steuart Street Tower
20th Floor
San Francisco,
California 94105
(415) 543-9600

Attorney for Respondent

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
PRELIMINARY STATEMENT	1
STATEMENT OF THE CASE	2
I. INTRODUCTORY STATEMENT	2
II. FACTUAL BACKGROUND	2
REASONS FOR DENYING THE WRIT	6
I. THE SUBJECT OF THE PETITION DOES NOT FALL WITHIN ANY CRITERIA JUSTIFYING GRANTING THE WRIT	6
A. Interpretation of a Superseded Statute is not a Proper Basis for Granting a Petition for a Writ of Certiorari	7
B. The Seventh Circuit Decision Does Not Conflict with the Universal Copyright Convention	8
CONCLUSION	10

TABLE OF AUTHORITIES

CASES	PAGE
Avco Corp. v. *Precision Air Parts, Inc.*, 210 U.S.P.Q. (BNA) 894 (M.D. Ala. 1980), *aff'd* on other grounds, 676 F.2d 494 (11th Cir. 1982)	7
M. Bryce and Associates v. *Gladstone*, 107 Wis.2d 241, 319, N.W.2d 907 (Ct.App. 1982), *cert. denied*, 51 U.S.L.W. 3304 (October 18, 1982) (No. 82-340)	8
Kewanee Oil Co. v. *Bicron Corp.*, 416 U.S. 470 (1974)	7
Management Science America, Inc. v. *Cyborg Systems, Inc.*, 6 Computer L. Serv. Rep. (Callaghan) 921 (N.D. Ill. 1978)	7
Mitchell v. *Penton/Industrial Publishing Co.*, 486 F.Supp. 22 (N.D. Ohio 1979)	7
Mitchell Brothers Film Group v. *Cinema Adult Theatre*, 604 F.2d 852 (5th Cir. 1979), *cert. denied* 445 U.S. 917 (1980)	8
Morseburg v. *Balyon*, 621 F.2d 972 (9th Cir. 1980), *cert. denied* 449 U.S. 983 (1980)	8
Technicon Medical Information Systems Corp. v. *Green Bay Packaging, Inc.*, 687 F.2d 1032, 1034 (7th Cir. 1982)	7
Warrington Assoc. v. *Real Time Eng. Systems, Inc.*, 522 F.Supp. 367 (N.D. Ill. 1981)	7

STATUTES, REGULATIONS, AND TREATIES	
17 U.S.C. § 104	7
U.S. Sup. Ct. Rules, Rule 17	2,6
1909 Copyright Act	2,7 8,9
1976 Copyright Act	2,7,9

PUBLICATIONS	
1980 ABA Committee Reports, Section of Patent, Trademark and Copyright Law 211, at 218 (presented at the annual meeting, August 1-5, 1980)	8
Nimmer, Nimmer on Copyright, § 17.08 (1982)	8,9

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PRELIMINARY STATEMENT

Respondent, Technicon Medical Information Systems Corp. ("TMIS") does not take issue with sections entitled "Questions Presented," "Parties to the Proceeding Below," "Opinions Below," "Jurisdiction," and "Statutory Provisions Involved" of the Petition for Writ of Certiorari filed on behalf of petitioner. However, as explained below, respondent disputes that the Universal Copyright Convention is properly involved in this appeal/petition and that this is a proper case for review by this Court.

STATEMENT OF THE CASE

I.

INTRODUCTORY STATEMENT

Petitioners ask this Court to consider and resolve what is at most a semantics question involving a superseded law. Petitioners assert here, and have asserted below, that the term "publication" as used in the statutory copyright context of the 1909 Copyright Act and Uniform Copyright Convention should be binding in interpreting the State of Wisconsin's trade secret law. Petitioners fail, however, to articulate any rational theory or nexus between the old copyright law and the Uniform Copyright Convention, on the one hand, and State of Wisconsin trade secret law, on the other, to justify what is in essence preemption of state trade secret laws by a federal statute which has been superseded.

The petition does not adequately support any of the suggested criteria for Certiorari enumerated in Rule 17 of the Rules of the Supreme Court of the United States. Moreover, the question presented has limited prospective interest since the 1976 Copyright Act, effective January 1, 1978, supersedes the 1909 Copyright Act and provides a procedure for protecting unpublished works under the copyright law.

II.

FACTUAL BACKGROUND

TMIS is a leader in the field of computer processing of hospital, medical and financial information. TMIS is a wholly-owned subsidiary of Technicon Instruments Corporation which is a wholly-owned subsidiary of Technicon Corporation, which was recently acquired and is now a wholly-owned subsidiary of Revlon, Inc.

Green Bay Packaging, Inc. ("Green Bay") is a large privately-owned corporation having its principal office and some facilities in Green Bay, Wisconsin. Green Bay Packaging Inc., as its name implies, engages principally in the business of the manufacture and sale of corrugated paperboard containers.

St. Vincent Hospital ("St. Vincent") is one of five Wisconsin hospitals of the Hospital Sisters of the Third Order of St. Francis and is located in Green Bay, Wisconsin.

Defendant Leo N. Crowley is the Executive Vice President of Green Bay and has primary responsibility for Green Bay's data processing operations.

TMIS provides data processing services to hospitals by using TMIS computer equipment and sometimes by using computer equipment owned and operated by a "service bureau." Essentially, TMIS provides computer programs ("software") to the service bureau and know-how to the hospital and the service bureau to allow the service bureau's machines to process financial and other business information of the hospital on an ongoing basis. This combination of software, know-how, and processing is called the TMIS "Business Office Service."

TMIS acquired the original software used by TMIS to provide hospital Business Office Services to its customer/licensees from Lockheed Missiles and Space Company. Over the years TMIS extensively improved and further developed the basic Lockheed system. Development costs of the TMIS Business Office Service exceed $3 million.

From July 1, 1970, to July, 1977, Green Bay was under contract initially with Lockheed, and ultimately with TMIS, to provide data processing services for the hospital customer/licensees of TMIS as a service bureau. The agreement executed between TMIS and Green Bay by defendant Crowley on behalf of Green Bay provides that Green Bay is not to use or disclose data, computer programs, techniques, methods or formulas, or ideas submitted to Green Bay by TMIS or TMIS' customers.

During the same period of time, St. Vincent was a customer/licensee of TMIS. St. Vincent's financial information was processed using TMIS' software, provided by TMIS to Green Bay, and Green Bay Computer machinery. Software provided to Green Bay by TMIS was in machine language form and thereby not readable by Green Bay unless transformed.

In order to enable St. Vincent to use the TMIS system, TMIS loaned St. Vincent the TMIS System Reference Manuals as TMIS does to all its customer/licensees. In order to enable

Green Bay to use TMIS software on its hardware and to process information from St. Vincent, TMIS loaned Green Bay a copy of the TMIS Computer Operations Production Procedure Manuals ("COPP"). Green Bay was purposely not given copies of the System Reference Manuals thereby precluding Green Bay from knowing critical aspects of the system.

The title page of the System Reference Manuals contained the legend:

> "The information and designs disclosed herein, except as to vendor proprietary parts, are proprietary to Technicon Medical Information Systems Corp., and shall not be duplicated, used or disclosed, in whole or in part, except with the expressed permission of the owner."

On the same page contiguous with the above-quoted legend appeared a statutory notice of copyright:

> "© Technicon Medical Information Systems Corp., 1974"

In early 1975, TMIS was providing its Business Office Services under license to defendant St. Vincent Hospital and Sacred Heart Hospital of Eau Claire, Wisconsin, using Green Bay hardware. It was the object of TMIS to obtain three other Wisconsin hospitals as customers for its services, utilizing Green Bay's hardware. In addition to St. Vincent and Sacred Heart Hospitals, TMIS contemplated contracting with St. Mary, St. Nicolas, and St. Joseph Hospitals. However, these five hospitals formed the Wisconsin Hospital Administrators Team to coordinate operations and generally pool knowledge for mutual use. A series of meetings took place in early 1975 between the five hospitals and Green Bay and on February 19, 1975, while Green Bay and St. Vincent were still under contract to TMIS, Green Bay proposed a plan to provide data processing services to the group. Letters of intent were signed between each of the five hospitals and Green Bay around January 7, 1976. On February 1, 1976, St. Vincent entered into a one-year continuation of its contract with TMIS to continue using TMIS software with Green Bay hardware.

During the spring of 1976, shortly after Green Bay began "developing" its "alternative system," St. Vincent provided Green Bay with a copy of the TMIS System Reference Manual

without notifying or obtaining permission from TMIS. At that time St. Vincent knew that the System Reference Manual contained the above-quoted proprietary legend. St. Vincent also provided Green Bay with typewritten sheets which contained coding used with the TMIS Business Office Service. This coding was developed by TMIS and disclosed to St. Vincent in the System Reference Manual.

All five hospitals are now receiving data processing services from Green Bay. Green Bay charged the hospitals $140,000 for development costs in comparison with approximately $3,000,000 which has been expended in developing the TMIS Business Office Service.

Including St. Vincent, TMIS System Reference Manuals have been loaned to 43 hospital customer/licensees all of which contained the proprietary legend. Additionally, TMIS loans Computer Operations Production Procedures Manuals ("COPP Manuals") to its service bureaus to assist the service bureau in using TMIS software to process TMIS customer/licensee information. COPP Manuals have been loaned to 10 service bureau/licensees. Distribution of TMIS manuals is strictly limited—a log of those holding manuals is kept and upon termination of relations the manuals are recovered by TMIS. Recovered manuals are either redistributed to other licensees or destroyed by fire or shredding. Title to TMIS manuals has never been transferred to any customer/licensee.

TMIS has never registered or attempted to register its manuals under federal Copyright Law. Neither has TMIS enforced or attempted to enforce its prospective statutory copyright rights. The Complaint alleges claims for: (1) Breach of Contract by Green Bay; (2) Breach of Contract by St. Vincent; (3) Interference with Contractual Relations; (4) Violation of Trade Secret Rights; (5) Federal Unfair Competition under the *Lanham Act;* (6) Unjust Enrichment; and (7) Violation of Common Law Copyright. The seventh count was dismissed by the District Court on motion for partial summary judgment.

REASONS FOR DENYING THE WRIT

I.

THE SUBJECT OF THE PETITION DOES NOT FALL WITHIN ANY CRITERIA JUSTIFYING GRANTING THE WRIT

Rule 17 of the Rules of the Supreme Court of the United States begins by stating generally:

> "A review on writ of certiorari is not a matter of right, but of judicial discretion, and will be granted only when there are special and important reasons therefore."

The Rule then proceeds to specify essentially three criteria which will be considered by the Court as *possible* bases for granting a petition for writ of certiorari:

> "(a) When a federal court of appeals has rendered a decision in conflict with the decision of another federal court of appeals on the same matter; or has decided a federal question in a way in conflict with a state court of last resort; or has so far departed from the accepted and usual course of judicial proceedings, or so far sanctioned such a departure by a lower court, as to call for an exercise of this Court's power of supervision.
>
> "(b) When a state court of last resort has decided a federal question in a way in conflict with the decision of another state court of last resort or of a federal court of appeals.
>
> "(c) When a state court or a federal court of appeals has decided an important question of federal law which has not been, but should be, settled by this Court, or has decided a federal question in a way in conflict with applicable decisions of this Court."

Petitioners fail to specify which if any of the above-quoted considerations apply here because, as explained below, the question presented does not rise to the level of a Supreme Court issue.

A. Interpretation of a Superseded Statute is not a Proper Basis for Granting a Petition for a Writ of Certiorari.

The "Question Presented" explicitly references the 1909 Copyright Act as the United States statutory provision involved. In particular, the Petition asks this Court to determine what a particular term in that statute means and whether, based upon such meaning, respondent should be precluded[1] from asserting state trade secret rights.

The 1909 Copyright Act was superseded effective January 1, 1978, by the 1976 Copyright Act. 17 U.S.C. §104 specifically provides for copyright protection of "unpublished works," i.e., including materials which may contain trade secrets such as manuals, computer programs, and the like. Thus, the only interest remaining in the 1909 Copyright Act concerning unpublished trade secret containing materials concerns "undertakings commenced before January 1, 1978" (*Technicon Medical Information Systems Corp.* v. *Green Bay Packaging, Inc.*, 687 F.2d 1032 (7th Cir. 1982) at 1034 n. 4).

It is now nearly five years after January 1, 1978. Five years is a long time in an industry as volatile and dynamic as the computer industry, which industry Petitioners claim to be particularly concerned with this issued (Petition, p. 4). Respondent knows of only one other *pending* case involving a similar issue.[2] That case has been preliminarily decided consistent with the opinion of the Seventh Circuit Court of Appeals in this case.

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[1] Petitioners claim the issue is one of "estoppel." Respondent contends that the more accurate term is "preemption" of trade secret laws which has previously been decided (*Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470 (1974).)

[2] *Management Science America, Inc.* v. *Cyborg Systems, Inc.*, 6 Computer L. Serv. Rep. (Callaghan) 921 (N.D. Ill. 1978).

Petitioners also cite *Warrington Assoc.* v. *Real-Time Eng. Systems, Inc.*, 522 F. Supp. 367 (N.D. Ill. 1981); *Avco Corp.* v. *Precision Air Parts, Inc.*, 210 U.S.P.Q. (BNA) 894 (M.D. Ala. 1980), aff'd on other grounds, 676 F.2d 494 (11th Cir. 1982); and *Mitchell* v. *Penton/Industrial Publishing Co.*, 486 F.Supp. 22 (N.D. Ohio 1979) as "recent cases involving related issues which skirt, but have not fully addressed, the question." (Petition at p. 13.) Those cases involve preemption considerations under the 1976 Copyright Act. The issue here, involving the 1909 Copyright Act, is beyond their purview although, by their citation, Petitioners apparently concede that considerations of preemption are present here.

The only other case known to respondent to have involved essentially the same issue here is that of *M. Bryce and Associates* v. *Gladstone*, 107 Wis.2d 241, 319, N.W.2d 907 (Ct.App. 1982), cert. denied, 51 U.S.L.W. 3304 (October 18, 1982)(No. 82-340). In *Bryce* the State of Wisconsin Court of Appeals decision was consistent with the decision of the Seventh Circuit Court of Appeals in this case. When this Court was asked, by petition for a writ of certiorari, to review that decision *the petition was denied.*

Similarly, petitions for writs of certiorari have recently been denied in *Morseburg* v. *Balyon*, 621 F.2d 972 (9th Cir. 1980), cert. denied 449 U.S. 983 (1980) and *Mitchell Brothers Film Group* v. *Cinema Aduit Theatre*, 604 F.2d 852 (5th Cir. 1979), cert. denied 445 U.S. 917 (1980), both of which sought this Court to interpret the effect and meaning of statutory language in the 1909 Copyright Act.

While the semantic question presented here may be of historical interest to some copyright practitioners[3] its resolution will not have far ranging practical, commercial or legal ramifications. Moreover, this Court has recently rejected the essentially identical question from the next to last case in a very short line of cases (this probably being the last) involving this question and should do the same here.

B. The Seventh Circuit Decision Does Not Conflict with the Universal Copyright Convention.

The Universal Copyright Convention provides that works which qualify for copyright protection under the laws of a member country will be protected under the copyright laws of fellow member nations. While each country may have its own formalities concerning copyright notice the Convention members have agreed that use of a © notice will satisfy notice requirements of member nations. As explained in Nimmer, Nimmer on Copyright, §17.08 (1982):

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[3] Copyright practitioners considering this question condoned using a statutory copyright notice on trade secret materials by a "consensus" of participants discussing the issue. 1980 ABA Committee Reports, Section of Patent, Trademark and Copyright Law 211, at 218 (presented at the annual meeting, August 1-5, 1980).

> "It is true that the Universal Copyright Convention does provide for a form of copyright notice, but as explained in an earlier section, the use of such notice is not per se a condition to U.C.C. protection. It is significant rather as a device for excusing any other formalities which a country might otherwise require as a matter of its own domestic law. Absent any such formalities in a given country, use of the U.C.C. notice is unnecessary to protection in such country since there are no formalities which need be excused."

Concerning publication of a work in the United States without notice, Nimmer explains at §17.08:

> "The period of protection fixed by the U.S. Copyright Act for a work published without notice may be either zero, by reason of immediate injection into the public domain under the 1909 Act, or possibly no more than five years from publication, under the Copyright Act of 1976. May it, then, be argued, under the rule of the shorter term, that once such a work, first published in the United States, enters the public domain in the U.S., it need no longer be protected in other U.C.C. countries? The authorities are agreed that such a conclusion is incorrect, and that *a work by an American national first published in the United States* (after the effective date of the U.C.C.) *will be entitled to full protection in each of the other U.C.C. countries, not diminished by reason of its having entered the public domain in the United States if such public domain status was due to the failure to affix the notice required under U.S. law.*" (emphasis added)

Thus, just as use of a notice does not bestow a benefit to support estoppel under the 1909 Copyright Act, use of a notice bestows no benefit under the Universal Copyright Convention upon which to support an estoppel.

CONCLUSION

For the foregoing reasons Technicon Medical Information Systems Corporation respectfully requests that the Petition be *denied.*

Dated: December 1, 1982.

Respectfully submitted,

TOWNSEND AND TOWNSEND

By /s/ HENRY C. BUNSOW
HENRY C. BUNSOW

Attorney for Respondent
TECHNICON MEDICAL INFORMATION SYSTEMS CORPORATION